

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-33-E

IN THE MATTER OF

LOCKHART POWER COMPANY

APPLICATION FOR GENERAL

INCREASE IN ELECTRIC RATES

Lockhart Power Company is a public utility operating in South Carolina, where it is engaged in the generation, transmission, distribution and sale of electricity to the public for compensation. Its address is Post Office Box 10, Lockhart, South Carolina 29364. Schedules of its rates and charges for electric service to the public in South Carolina are on file with this Commission, and its rates have been made, fixed and allowed by this Commission as provided by law in Docket No. 2002-122-E, Order No. 2002-794. A copy of these rates is included in this application as Exhibit Present Rates.

Lockhart Power Company (Lockhart) would respectfully show unto this Honorable Commission:

1. That Lockhart has been making investments in its generation, transmission, and distribution systems. Consequently, Lockhart's return on rate base for its retail operations is only 10.7% for the 12 months ended December 31, 2005 – the Test Year. In addition, Lockhart has recently made significant investments in generation, which will result in a further decrease in its return on rate base.
2. That in accordance with the provisions of the Code of Laws of South Carolina (1976), as amended, and the Commission's Rules of Practice and Procedure (Docket No. 76-623-A – Order No. 19,806 – December 30, 1976), as amended, that Lockhart has attached hereto Proposed Rates which will produce a rate of

return on retail rate base of 12.5% during the test year after appropriate pro forma adjustments have been made.

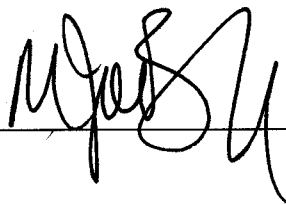
3. That a 12.5% return on retail rate base is a fair and reasonable rate of return for Lockhart.
4. That the proposed rates will produce an overall increase in retail revenues of 4.4% or a \$592,722 annual increase over the present test year retail revenue. However, each class of customer's average increase varies considerably from this overall increase. Lockhart has designed its rates in a way that will move each customer class toward the average rate of return, while mitigating the impact of the increase on any individual class of customers.
5. That Lockhart intends to collect from its retail customers during the first month in which the proposed rates are in effect the unbilled revenue resulting from Lockhart's Purchased Power Adjustment Clause, the mechanics of which create a one-month delay in its collection.
6. That Lockhart also requests that its purchase of the Pacolet hydroelectric plant and the associated requested rate treatment be approved.
7. That attached hereto and incorporated fully herewith by reference are Exhibit A (Certain Financial Data), Exhibit B (Cost of Service Data), Exhibit C (Rate Comparisons of Present and proposed Rates), Exhibit D (Cost of Service Load Analysis), a copy of our Present Rates and a copy of our Proposed Rates.
8. That the full names and addresses of authorized representatives and persons filing the application are:

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WHEREFORE, the applicant, Lockhart Power Company, requests that this Commission inquire into the matters set forth herein; that it approve the proposed rate schedules herein and provide for such other and further relief as the Commission shall deem proper.

January 30, 2007

A handwritten signature in black ink, appearing to read 'M. John Bowen, Jr.', is written over a horizontal line.

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Attorney for Applicant
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